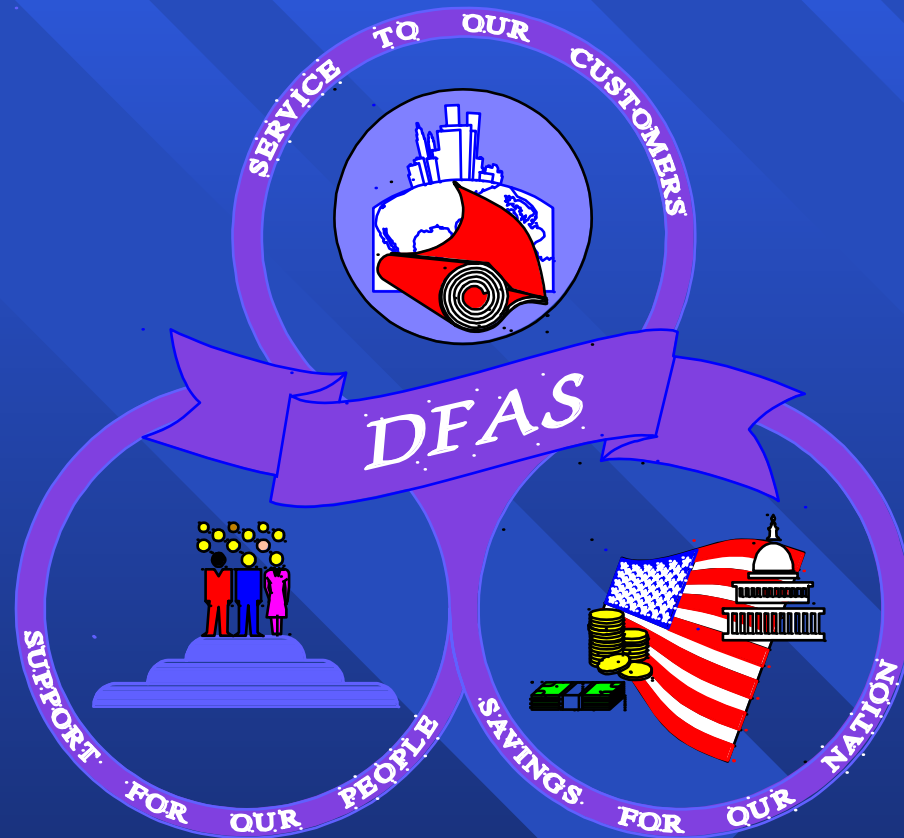


DFAS Service Day

ASMC PDI - 2000



Philadelphia, Pennsylvania

Military Pay Update

Mr. Gary McGee

Entitlement Changes

- Two Major Pay Raises in FY 2000
- Eliminated Dual Comp Offset/Pay Cap
- Modified 8 Existing Entitlements
- Added 11 New Entitlements
- Other Potential Changes for FY 2001?

Status of Pay Raises

- Two Major Pay Raises in FY 2000
 - Across the board 4.8% - January 1, 2000
 - Targeted up to 5.5% - July 1, 2000
- January Raise Completed on Time
- July Raise on Track

Status of Retired Pay

- Eliminated Dual Compensation Offset and Pay Cap for Military Retirees
 - Effective October 1, 1999
 - Affected 5,600 retirees in civil service
- Completed on Time

Status of Modified Entitlements

- Diving Duty Pay
 - Law authorized increase by \$40/month
 - Implemented for Army, Navy & Marines
 - » Army effective March 20, 2000
 - » Navy effective November 1, 1999
 - » Marine Corps effective October 1, 1999
 - Air Force not increasing in FY 00

Status of Modified Entitlements

- Enlistment Bonus
 - Authorized increase from \$12K to \$20K
 - Allows lump-sum payment
 - Manual workaround in place
 - No reported payments

Status of Modified Entitlements

- Selected Reserve Enlistment Bonus
 - Authorized increase from \$5K to \$8K
 - Systems change in place
 - No reported payments

Status of Modified Entitlements

- Nuclear Qualified Officer Bonuses
 - Accession Bonus from \$10K to \$20K
 - Annual Incentive Bonuses
 - » Commissioned Officer from \$12K to \$22K
 - » Limited Duty Officer from \$5.5K to \$10K
 - Active Duty Obligation from \$15K to \$25K
 - Navy to Implement in FY01

Status of Modified Entitlements

- Foreign Language Proficiency Pay
 - Authorized increase from \$100 to \$300/mo.
 - OSD/Services changing entitlement qualifications
 - Effective date April 1, 2000
 - Workaround in place

Status of Modified Entitlements

- Reenlistment Bonus
 - Authorized increase from \$45K to \$60K
 - Lowered eligibility from 21 to 17 months
 - Marines and Air Force not increasing in FY 00
 - Workaround in place

Status of Modified Entitlements

- Aviation Officer Career Special Pay
 - Authorized \$25K/yr - regardless of years
 - Increased eligibility from 14 to 25 years
 - Included officers in paygrade O-6
 - Workaround in place
 - Paid over 1000 officers

Status of Modified Entitlements

- Aviation Career Incentive Pay
 - Authorized ACIP at saved pay rate of HDIP for Air Battle Managers (Air Force)
 - Workaround in place
 - Paying over 200 ABMs

Status of New Entitlements

- Career Enlisted Flyer Incentive Pay
 - Similar to Officer Aviation Career Incentive Pay
 - \$150 to \$400/month based on years of service
 - Expected to affect over 13K sailors and airmen
 - Workaround in place
 - Paying over 7K enlisted members

Status of New Entitlements

- Surface Warfare Officer Retention Bonus
 - Authorized \$50K for afloat tour of duty as department head
 - Expected to affect over 1300 Naval officers
 - Workaround in place
 - Paid over 1200 officers

Status of New Entitlements

- Special Warfare Officer Retention Bonus
 - Authorized \$15K/yr through 14 yrs of service
 - In pay grades O-3 and O-4 over 6 yrs of service
 - Only Navy using to date
 - Expected to affect over 200 Naval officers
 - Workaround in place
 - Paying over 70 officers

Status of New Entitlements

- Special Pay for Board Certified Veterinarians
 - Authorized to same entitlement as psychologists and non-physician health care providers
 - Expected to affect about 150 Army officers
 - Workaround in place

Status of New Entitlements

- Special Compensation for Severely Disabled
 - Authorized regular retirees declared $>70\%$ disabled by VA within 4 yrs of retirement
 - Very restrictive criteria
 - VA must identify those eligible
 - Workaround in place
 - Paying over 12,000

Status of New Entitlements

- Army College First Pilot Program
 - Authorized \$150/mo up to 24 months
 - For enlistment in reserve component with up to 2 yr delay of entry in active service for completion of education
 - Workaround in place

Status of New Entitlements

- Funeral Honors Duty Allowance
 - Authorized \$50/day for reserve personnel performing funeral duty
 - Workaround in place

Status of New Entitlements

- Judge Advocate Continuation Pay
 - Authorized bonus not to exceed \$60K for a period of obligated service
 - Only Air Force has expressed interest thus far
 - No payment approval to date
 - Need further OSD/Service guidance to determine entitlement criteria

Status of New Entitlements

- USMC Financial Assistance Program
 - Authorized tuition, fees and books NTE \$5,200/yr for 3 years
 - Only USMC reserve enlisted members selected as officer candidates and attending college
 - Need further OSD/Service guidance to determine entitlement criteria
 - Anticipate up to 1200 candidates

Status of New Entitlements

- Burdensome Personnel Tempo Pay
 - Authorized \$100/mo for > 251 deployed days out of 365
 - Individual tracking begins October 1, 2000
 - First eligible payment is October 1, 2001
 - Need policy guidance

Status of New Entitlements

- Thrift Savings Plan
 - Effective not earlier than August 2000 or date offsetting funding legislation is enacted
 - Major change to military pay systems
 - Policy guidance required
 - » tax exempt procedures
 - » management of deposits, loans, withdrawals
 - » matching contributions

Other Potential Changes

- Supplemental Pay for Food Stamp Recipients
 - Continuing discussion and interest
 - Equity Issue
 - » On base vs.off base housing allowance
 - » Same pay grade different pay
 - Could affect 6,000 - 12,000 members
 - Emotionally charged issue
 - Implementation dependent upon outcome of political process

Other Potential Changes

- Career Sea Pay Reform
 - High priority Navy initiative
 - Increase and realign Sea Pay tables
 - » last update 1988
 - » increase premium from \$100 to \$350/mo
 - » new sea tour extension premium of up to \$250/mo
 - Affect up to 90,000 Navy members
 - Implementation dependent upon funding

Other Potential Changes

- Hardship Duty Pay
 - Formerly Foreign Duty Pay/Certain Places Pay
 - OSD to revise eligibility and rates for location
 - » new listing of qualifying locations
 - » increase rates from \$8.00-\$22.50 to \$150/mo
 - Rates probably will be variable based on severity of location hardships
 - Projected implementation is January 1, 2001

Other Potential Changes

- Basic Allowance for Subsistence Reform
 - Reform initiated by 1998 NDAA
 - » will result in a single enlisted BAS rate
 - » all will receive BAS after initial basic training
 - Currently in “transition” period
 - » partial BAS for those on meal cards
 - Transition complete between 2001 and 2005
 - » when current BAS equals average USDA food index

Summary

- Numerous major changes in Military Pay for FY 2000
- All OSD approved changes are being paid
 - Many manual workarounds
 - Many SCRs being programmed
- Additional but fewer changes expected for FY 2001